GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

MA&UD (CRDA) Department - Allotment of surplus land under ULC Act, 1976 to an extent of A.3.82 cents at Ankireddypalem (V) to erstwhile VGTM UDA for the purpose of LIG and MIG Housing Schemes – Permission accorded to refund the amount paid by M/s Vensar Constructions with an interest at g-sec rate –Orders – Issued.

Municipal Administration & Urban Development (CRDA) Department

G.O.MS.No.135 **Dated:15.09.2022**

Read the following:

1. G.O.Ms.No.332, Revenue (UC-1) Department dt:15.03.2007.
2. From the Commissioner, APCRDA File. No. CRDA14021(41)/38/2017-DT4-ESTATES-APCRDA, Dt.20.12.2019 through E-file.No.(Comp. No.273530).
3. From the Commissioner, CRDA, Lr.No.14021(41)-38/2017-DT4- Estates, dt.29-04-2020.
4. From the Commissioner, APCRDA, Lr.No.14021(41)/38/2017-DT4-ESTATES-APCRDA, dt.12.05.2020.
5. From the MC, AMRDA, lr.No.CRDA-14021(41)/38/2017, Dt:17.12.2020.
6. From the MC, AMRDA, lr.No.CRDA-14021(41)/38/2017, Dt:24.03.2021.
7. From the Commissioner, APCRDA, File.No.CRDA-14021(41)/38/2017, dt:30.06.2022.

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ORDER:-

In the reference 1st read above, Government in Revenue (UC-I) Department have allotted surplus land under Land(Ceiling & Regulation) Act, 1976 to an extent of Ac.3.82cents (18489 sq. yards) in Sy. Nos. 162/A2 & 162/A3 of Ankireddypalem Village, Guntur District to the erstwhile VGTM-UDA for LIG and MIG housing schemes.

2. The VGTMUDA has proposed to take up a Mega housing project in the said site for construction of around 350 apartments and issued a paper notification on 09.08.2007 inviting a Request for proposal (RFP) for selection of private partners to design, develop, finance, build and market on PPP mode.

3. M/s. Vensar Constructions Company Ltd., Hyderabad has stood as the highest bidder with a project cost of Rs.2389.38 lakhs and quoted Rs.2345 per sq. yard as bidding price. A development agreement cum power of attorney has been entered on 02.04.2008 by VGTMUDA with M/s. Vensar Landmark Pvt., Ltd., vide registered document no.4308/2008 dt:30.04.2008. The developer has submitted a bank guarantee for Rs.2.50 crores i.e., Rs.2.38 crores on 26.11.2008 and Rs.12 lakhs on 17.04.2008 towards performance guarantee. The physical possession of the said land has been handed over to the developer on 22.10.2011.

4. The Developer ought to have started construction of project as per time lines of agreement entered on 02.04.2008, instead of that, he remitted the total consideration of bidding price at Rs. 2345/- per sq. yard for the total extent of 18489 sq. yards of the project i.e., Rs.4,33,56,705/- in installments without adhering to the timelines in progress of work of the project.

5. A show cause notice was issued to M/s. Vensar Landmark Pvt. Ltd., SPV of Vensar Constructions Company Ltd on 23.05.2016 for termination of development-cum-power-of-attorney agreement and forfeiture of performance security and Bank Guarantee for failure to start construction of the project.

6. A reply was given by M/s. Vensar Constructions Company Ltd., dated:04.06.2016 for the above show-cause notice, with a request to provide infrastructure facilities as promised by the authority so that the company will fulfill its obligations by completing the project within the stipulated period from the date of providing amenities and duly arranging execution of sale deed.

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7. The erstwhile VGTM UDA has not entered into supplementary agreement to correct the original agreement dated:02.04.2008 to the extent of providing of other infrastructure i.e., water connection and power connection apart from approach road to the site as per RFP. However, the said two infrastructures i.e., water and power connections are not provided to the said site as on date, since they are for the use by 350 housing units as and when project is constructed and apartments are sold to the consumers.

8. There is no further development in the construction of Mega Housing Project by the M/s Vensar Land Mark Private Ltd., SPV of M/s Vensar Constructions Company Ltd., though the erstwhile VGTM UDA has provided approach road, up to the project site as submitted above.

9. The developer M/s Vensar Land Mark Private Ltd., SPV of M/s Vensar Constructions Company Ltd., preferred for Arbitration under Article 21 of the development agreement cum power of attorney, dated:02.04.2008, instead of amicable settlement of the issues between the developer and the erstwhile VGTM UDA and present AP CRDA and came with the proposal to appoint Retired AP High Court Judge, Hyderabad Sri. Tamada Gopala Krishna as Sole Arbitrator in this case. Accordingly, his request is considered by AP CRDA.

10. The Sole Arbitrator has taken up Arbitration application between M/s Vensar Constructions Company Ltd., and M/s Vensar Land Mark Private Ltd., represented by its MD as claimants and CRDA (erstwhile VGTM UDA) rep. by its Commissioner in Arbitration Application No.3 of 2017 and passed Award on 04- 05-2018 as follows:

> *" in the result, the claims of the claimants are allowed in part and an Award is passed granting specific performance in favour of the Claimants directing the respondent to execute a conditional Sale Deed in respect of the Project Site in favour of Claimant No.2 within two months from the date of this Award. The respondent is further directed to provide the external infrastructure viz., water connection and electricity connection to the project site within two months from the date of passing of this Award and on such providing of water and electricity connections, the claimants shall commence and complete the entire project work within 24 months as stipulated in the Development Agreement".*

11. The Standing Counsel of APCRDA in letter Rc.No.CRDA-14021(41)/38/2017-DT4-ESTATES-APCRDA, Dt.02.01.2019 has been addressed to give legal opinion whether the orders of the Hon'ble Arbitrator are to be implemented or not, in the circumstances of the lapsed Bank Guarantee of the Developer by the date 08.06.2018 and the developer has not renewed the bank guarantee towards performance of the project.

12. The then Legal Advisor of AP CRDA on 24.09.2019 has addressed a letter to the Standing Counsel at High Court on 24.09.2019 that the orders of the Hon'ble High Court in W.P.No.21028/2017 and 14053/2017 require consideration. That the Award of the Sole Arbitrator dated: 04.05.2018 in Arbitration Application No.3/2017 needs to be challenged as it suffers from illegality. The development agreement cum Power of Attorney, dt:02.04.2008 is also not valid as on date as per the legal opinion by the Legal Advisor.

13. Meanwhile, the Joint Collector Cum Special Officer and Competent Authority, ULC Guntur has requested to inform the status of the land in order to take necessary action as per the judgment by the Hon'ble High Court in WP No. 14053/2017 and 21028/2017 filed by the legal heirs of the declarants in the surplus land to an extent of 7748.28 Sq. Mts. in each of the case in D.No.162/A2 and 162/A3 of Ankireddypalem village, which was in possession of AP CRDA for the construction of Mega Housing Project.

14. Hence, the surplus land to an extent of Ac.3.82 cents, in Survey No.162/A2 and 162/A3 of Ankireddypalem Village, on which Mega Housing Project has been initiated as per Govt. Orders, but not materialized under the PPP mode with M/s Vensar Constructions Company Ltd., has to be handed over to the Joint Collector & Competent Authority, ULC, Guntur District.

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15. Subsequently the Developer came forward with a proposal for allotment of alternate Government land. Since there was no provision for allotment of alternative land in the agreement, the Commissioner, APCRDA has requested the Government for issuance of necessary instructions with respect to the claim of the developer for reimbursement of the total amount paid by them.

16. Government after careful examination of the matter hereby accord permission to the Commissioner, APCRDA to refund the amount paid by M/s Vensar Constructions Company Ltd., Hyderabad for an amount of Rs.4,33,56,705/- with interest to be paid at g-sec rate as on the date of issue of these Orders.

17. The Commissioner, APCRDA shall take further necessary action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Y.SRILAKSHMI
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To
The Commissioner,
Andhra Pradesh Capital Region Development Authority(APCRDA),
Vijayawada.

Copy to:
PS to Hon'ble Minister, MA&UD.
PS to Spl. CS, MA&UD Department.
The GA(Cabinet) Department (w.r.t U.O.NO.251/2022, dt.07.09.2022)

// FORWARDED :: BY ORDER //

SECTION OFFICER